

AI Guidance and Requirements: What ECEC Leaders Should Watch

WHY GOVERNMENT GUIDANCE MATTERS

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As a follow-up to “Using AI Thoughtfully in ECEC Leadership,” this article shifts from practical uses of Artificial Intelligence (AI) to the government guidance and legal requirements that may affect its use. For Early Childhood Education and Care (ECEC) directors, owners, and other program leaders, responsible adoption means understanding not only what a tool can do, but also which privacy protections, employment requirements, and state laws may apply.

This overview highlights questions to ask, developments to monitor, and situations in which additional guidance may be needed. Choosing an AI tool involves more than deciding whether it saves time. ECEC leaders also need to consider what information the tool collects, how its output will be used, and which requirements apply to the program.

Government involvement includes guidance supporting educational AI use, privacy protections, and restrictions on discriminatory employment practices. These are different kinds of government action. Guidance encouraging innovation is not blanket approval of a product, and a law governing a particular service or employer does not necessarily apply to every ECEC program.

Leaders do not need to become legal experts. They do need to recognize when a proposed use requires closer review, ask informed questions, and seek qualified guidance.

UNDERSTAND FEDERAL PROTECTIONS

In July 2025, the U.S. Department of Education issued guidance explaining how federal education grant funds may support AI-related uses. It emphasizes responsible implementation, privacy protections, and stakeholder engagement. Leaders must still evaluate whether a proposed use fits their setting, funding requirements, and responsibilities. (U.S. Department of Education, 2025).

Two privacy laws may be relevant, depending on the service and setting:

- The Children’s Online Privacy Protection Act (COPPA) regulates covered online-service operators that collect personal information from children under age 13 (Federal Trade Commission, n.d.). The Federal Trade Commission finalized updates in 2025 addressing protections such as third-party disclosures and data retention (Federal Trade Commission, 2025). COPPA’s applicability depends on the online service and its collection practices; it should not be treated as a universal

rule governing every instance in which an adult enters information about a child into an AI tool (Federal Trade Commission, n.d.).

- The Family Educational Rights and Privacy Act (FERPA) applies to educational agencies and institutions receiving funds from programs administered by the U.S. Department of Education. It does not automatically apply to every private child care program (U.S. Department of Education, n.d.).

Federal employment discrimination laws also apply when covered employers use AI in hiring, evaluation, and other employment decisions. Using a vendor does not eliminate the need to examine whether a practice creates discriminatory barriers (U.S. Equal Employment Opportunity Commission, 2024).

The practical distinction is important: asking AI to draft a general meeting agenda is different from asking it to score applicants or recommend disciplinary action.

WATCH INDIANA AND ILLINOIS REQUIREMENTS

Indiana's Consumer Data Protection Act took effect on January 1, 2026. It is not an AI-specific education law, but it establishes personal-data protections relevant to AI-enabled services. Covered businesses have responsibilities involving consumer rights, sensitive information, and certain data uses (Indiana Office of the Attorney General, n.d.).

Coverage is not universal. The law generally applies to businesses operating in Indiana or targeting Indiana residents that meet specified data-processing thresholds. It includes exemptions, including for specified nonprofit organizations and government entities. Its consumer definition also excludes people acting in an employment or commercial context, so it should not be described as a general employee-data protection law.

For ECEC leaders, the key action is to check both program coverage and vendor practices. A program's exemption does not establish whether its technology vendor is covered. Ask how the vendor handles personal information, applicable consent requirements, and deletion requests. Indiana's guidance also addresses consent for processing the data of known children under age 13 in accordance with applicable COPPA requirements. Most of the laws and guidance in Indiana for K-12. While this means they do not limit the use in early childhood education in Indiana, it is a good idea to be aware of the regulations that might come down the pipeline and what Indiana expects of others who work with young children.

Illinois: AI in Employment Decisions

Illinois amended its Human Rights Act through Public Act 103-0804, effective January 1, 2026. The amendment discusses hiring practices and prohibits covered employers from using AI in specified employment activities when the use results in discrimination based on protected characteristics. It also prohibits the use of ZIP codes as a substitute for protected characteristics and requires employee notice when AI is used for covered purposes. These activities include recruitment, hiring, promotion, training selection, discipline, discharge, and other employment terms and conditions. This includes generative AI, not only specialized hiring software (Illinois Public Act 103-0804, 2024).

For ECEC leaders, this means reviewing AI features in recruiting platforms, employee-management systems, and tools used to support staff evaluations. Early childhood examples include using AI to rank teaching applicants, summarize classroom observations for performance reviews, or recommend educators for lead-teacher positions or professional development opportunities. These uses warrant closer review because they may influence employment decisions covered by the amendment due to the biases AI is prone to.

Keep context central to that review. An AI-generated summary of classroom concerns should not replace a director's examination of staffing conditions, documented observations, and the employee's response. Using AI to draft a staff-meeting agenda is different from asking it to recommend who should be promoted or disciplined.

The law directs the Illinois Department of Human Rights to establish implementation rules, including notice details. Monitor current guidance rather than assume that a general handbook statement satisfies every requirement. Begin by identifying which program tools influence employment decisions and who is responsible for reviewing their use.

TURN REQUIREMENTS INTO PROGRAM QUESTIONS

Before approving an AI tool or a new use, ask:

- Purpose: What task will the tool perform?
- Information: What will staff enter, and what will the service collect?
- Data practices: How is information stored, shared, retained, or deleted?
- Decisions: Will the output influence access, hiring, evaluation, discipline, or another consequential decision?
- Requirements: Which laws, contracts, funding conditions, or program policies apply?
- Review: Who will verify the output and address concerns?

These are proposed leadership questions, not a comprehensive compliance checklist. For example, a director may be comfortable testing AI to outline a general staff agenda using fictional information. If the same platform offers to rank teaching applicants, that feature deserves a separate review. Approval of one low-risk activity should not automatically translate to approval of every feature. Assign responsibility for monitoring vendor changes and relevant government guidance. Revisit the program's expectations when tools, contracts, or uses change.

TAKE ONE NEXT STEP

Begin by identifying where AI is already being used, including features embedded in existing software. Select one use for closer review and document what is approved, what remains prohibited, and when staff must ask for help.

Questions for reflection:

- Do we know which tools and AI features staff use for program work?
- Which uses involve sensitive information or decisions about people?
- Who will monitor updates and help us determine which requirements apply?

Distinguish legal obligations from recommended safeguards. Even when a particular law does not directly apply, leaders can establish clear expectations for privacy, transparency, and human review.

RESOURCES FOR FURTHER EXPLORATION:

Federal Trade Commission. (n.d.). Complying with COPPA: Frequently asked questions.

<https://www.ftc.gov/business-guidance/resources/complying-coppa-frequently-asked-questions>

Federal Trade Commission. (2025, January 16). *FTC finalizes changes to children's privacy rule limiting companies' ability to monetize kids' data.*

<https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-finalizes-changes-childrens-privacy-rule-limiting-companies-ability-monetize-kids-data>

Illinois Public Act 103-0804, §§ 5, 99 (2024).

<https://www.ilga.gov/Legislation/publicacts/view/103-0804>

Indiana Office of the Attorney General. (n.d.). *Indiana Consumer Data Protection Act: Consumer data bill of rights.*

https://www.in.gov/attorneygeneral/files/Indiana-Consumer-Data-Protection_Consumer-Bill-of-Rights_CDPCBOR.pdf

U.S. Department of Education. (n.d.). *To which educational agencies or institutions does FERPA apply?*

<https://studentprivacy.ed.gov/faq/which-educational-agencies-or-institutions-does-ferpa-apply>

U.S. Department of Education. (2025, July 22). Guidance on the use of federal grant funds to improve education outcomes using artificial intelligence (AI). <https://www.ed.gov/media/document/opepd-ai-dear-colleague-letter-7222025-110427.pdf>

U.S. Equal Employment Opportunity Commission. (2024). What is the EEOC's role in AI?

https://www.eeoc.gov/sites/default/files/2024-04/20240429_What%20is%20the%20EEOCs%20role%20in%20AI.pdf

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